

**Achievement of Market-Friendly Initiatives and Results Program  
(AMIR 2.0 Program)**

**Funded By U.S. Agency for International Development**

**Development of On-Lending Unit**

Final Report

**Deliverable for The Microenterprise Initiative (MEI) Component,  
Task No. 365.6  
Contract No. 278-C-00-02-00210-00**

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*This report was prepared by Mr. Kenneth E. Donaldson in collaboration with Chemonics International Inc., prime contractor to the U.S. Agency for International Development for the AMIR Program in Jordan.*

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## Executive Summary

In July 2002 The Ministry of Planning, Enhanced Productivity Program (EPP) entered into a funding agreement with The Development and Employment Fund. Under the terms of the agreement (Art 2, Clause 1) the Ministry of Planning, EPP is to provide the Fund a grant for the sum of (5,000,000) five million Jordanian dinars for the purpose of re-lending the money to individuals and organizations in the business of financing small and medium business enterprises also known as intermediary organizations (IO).

Included in this agreement is the requirement for the Fund to establish and manage a specialized indirect lending unit with the specific purpose of dispersing these funds to qualified intermediary organizations. The lending unit's governing regulations are the policies and procedures adopted by the EPP and any Fund policies found applicable. The supervision of the lending unit's activities by the agreement are directly related to the duties and responsibilities of the Director General of the Fund who along with oversight responsibilities for the unit has the duties of procuring all the necessary resources (human and technical) for it.

**Key findings.** As stated previously the focus of this consultancy was not to troubleshoot and effect changes in the way DEF currently accomplishes the responsibilities of its mandate. However, in the course of meetings and discussions information did present itself that could prove useful for any future DEF Organizational Development intervention being contemplated.

- Organizational development is a top-management-supported, long-range effort to improve an organization's problem solving and in some cases rejuvenation. It was apparent that past consultancies and facilitations provided the framework to advance the DEF organizational development process forward but the top-management still has to take greater responsibility for the appropriate and well-timed implementation of the guidance. Much of what had been diagnosed by earlier consultants and facilitators has yet to be addressed and implemented. DEF management must adopt and implement recommendations provided by earlier consultancies in a well-timed manner. Some of the earlier recommendations need prioritization and a Work Plan/Action Plan complete with timelines to support their implementation. Fundamental restructuring, improvements in management and administration, introduction of an employee performance monitoring system, are just a few areas within DEF operations considered by this consultancy as needing immediate attention.
- Earlier consultancies noted the absence of clearly delineated lines of responsibility and authorities. It was observed that this condition still exists specifically within the Administration and Loan Departments.
- When analyzing the needs and developing an organizational structure the dimensions of centralization, formalization, routinization, and specialization must be considered. These elements address how functions will be dispersed, how extensive the policies and procedures will be, the extent standardization plays in the organization, and the degree to which work will be refined among other

things. When researching the current DEF structure for possible replication of functions and procedures within the new unit it was noted that these issues had not been adequately addressed and as a result strategic direction, on-going management, insights and feedback opportunities were either suffering, lacking in impact, or totally absent.

In regards to specific findings regarding the DEF Indirect Lending Unit:

- The current Loan Account Specialist, Mr. Ismael Bata, is copiously equipped in both skill and interest to advance the missions of DEF and the Enhanced Productivity Program. However, it was apparent that neither his skills nor his enthusiasm were being utilized to the fullest benefit of the DEF operation. Plainly put—Mr. Bata is under-utilized.
- The recently hired On-Lending Unit Loan Manager along with the consultancy determined the current DEF lending policies and procedures needed refining; specifically assessing loan applications to very specific past loan performance factors as part of the loan approval process. Also, in the newly drafted performance factors the additional information requires the Intermediary Organizations to disclose their current profitability status, current efficiencies and deficiencies noted in their programs, any perceived or known impediments that may impact on their responsiveness to the DEF and EPP programs, their financial viability, other sources and uses of funds, their vision, and finally the extent of outreach efforts. These recommended changes were drafted and presented to DEF management for review and adoption.
- The current DEF infrastructure to support loan information and data collection lacks nothing in potential and capacity. What was observed in an earlier consultancy and a condition that still exists within DEF is the lack of integration and program designs that can and will provide meaningful decision-making information to the lending operations.
- This consultancy and more specifically Mr. Khaled Muhiesen, the newly appointed On-Lending Unit Loan Manager, designed and submitted to the DEF redesigns or completely new designs of templates and other formats. These additional templates and formats facilitating the generation of loans and providing dispersing information necessary for reporting purposes include:
  - loan amortization tables,
  - profit and loss layout formatting,
  - payment vouchers,
  - and journal voucher layouts.

These appear to be fundamental and extremely simple modifications that should have been developed long ago but until now were not. This finding is systemic throughout the DEF operations or at least those that were observed through this consultancy.

## Scope of Work

The Ministry of Planning of Jordan through the Enhanced Productivity Program (EPP) entered into an agreement with the Development and Employment Fund (DEF) in an attempt to stimulate and encourage the establishment of small and medium business enterprises in local communities. Using both the DEF organizational structure and its technical expertise the Ministry of Planning established a goal of funding, through the DEF apparatus and using its legislative status, 400 production projects meeting specific selection criteria with an average loan of fifteen thousand Jordanian dinars (15,000 JD) for capitalizing each project. The total sum of the grant from the Ministry of Planning to DEF amounted to five million Jordanian dinars (5,000,000.00 JD).

This same agreement required DEF to create an On-Lending Unit within its structure to oversee the financing and lending procedures associated with the dispersing of these grant monies to individuals and establishments in the business of financing small and medium projects. <sup>1</sup>Initially, a project is considered a potential candidate for a loan if:

- The loan monies target the increase of productivity of specific classes of citizens in Jordanian communities,
- That the project will result in the improvement of the living conditions of these classes in their communities,
- and that it will create sustainable employment opportunities for the community's future.

The consultancy was contracted with the objectives of having an organizational development advisor determine the goals and objectives of a newly created On-Lending Unit; develop an organizational design to facilitate the activities to be performed in the On-Lending Unit; identify the activities needed to be performed to implement the strategies outlined in the mentioned agreement; and direct the division of labor or activities to formalize responsibility for performing specific activities (**SOW Annex A**).

The Scope of Work in addition required the consultancy to perform a simple assessment of the operations of the DEF to determine if any element or component of the DEF might be used to expedite the creation of the new On-Lending Unit. Finally the consultancy was to assist in the development and implementation of internal policies and standard operating procedures.

## The approach

The consultant's initial step was to perform a needs assessment. A DEF Indirect Lending Unit troubleshooting effort and development of intervention solutions were not specific tasks fixed in the Scope of Work. However, due to the existence of an already

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<sup>1</sup> Funding Agreement, Ministry of Planning, Enhanced Productivity Program and the Development and Employment Fund, Amman, Jordan, 2002.

functioning DEF lending unit the consultant opted to investigate this unit's structure, work flow, and policies and procedures to expedite the process, establish baselines, and determine adjustments and variations that would contribute to the optimization of a new units performance.

The needs assessment included the following background reading:

- World Bank Report, Development Employment Fund, Options for the Future, April 1999.
- European Union Commission Report, Capacity Building Assignment Experts Summary Report on The Development Employment Fund, 2002.
- Funding Agreement, Ministry of Planning, the Enhanced Productivity Program and The Development and Employment Fund.
- The Development & Employment/Social Development Project MIS Manual.
- The Enhanced Productivity Program of the Ministry of Planning Hashemite Kingdom of Jordan (Backgrounder).

Meetings were sources of development material. They primarily focused on technical and administrative issues but in addition presented opportunities to gather evaluation and organizational improvement ideas. Participants at these meetings included:

- Her Excellency, Mrs. Hala Lattouf, Ministry of Planning
- Mr. Maher Madadha, Ministry of Planning
- His Excellency, Mr. Marzouq Hadid, Development and Employment Fund
- Dr. Fawaz A. Thawabieh, Social Development Project
- Ms. Haifa Al-Louzi, Development and Employment Fund
- Dr. Ziad Habashneh, Development and Employment Fund
- Mr. Andrew Griminger, Consultant, AMIR/Chemonics International.
- Mr. Hatem Tieby, Consultant, AMIR/Chemonics International
- Mr. Jamil Wheidy, AMIR/Chemonics International
- Mr. Ismael Bata, Development and Employment Fund

Diagnosis of the DEF Indirect Lending unit's structure and performance served as the primary assist for the consultancy in planning and recommending courses of action for the building, management, and sustaining of a new On-Lending Unit.

## Recommendations

Based on this consultancy's findings and only taking into consideration those findings that distinctively apply to this consultancy the following recommendations are made:

- The incorporation of another On-Lending Unit into the DEF structure is an ill-advised undertaking. Creating a duplicate function within the same organization flies in the face of boundary management. Boundary management defines such things as responsibilities, areas of work, rules and constraints, decisions to be made, etc. Duplicated functions set in motion role conflicts and upset the all important pushing and pulling dynamics which are significant in terms of establishing perceptions, motivations, and interfacing mechanisms within organizations.
- *Fix what is contributing to the ineffectiveness and efficiencies within the existing DEF Indirect Lending Unit.*
- Mr. Bata, the current Loan Account Specialist for DEF, is more than qualified to assume the additional responsibilities that are consequent of the agreement between The Ministry of Planning, EPP and DEF.
- *Provide Mr. Bata the support in terms of additional training and familiarization with specific EPP requirements and let him manage the additional responsibilities, as they appear in the above-mentioned agreement along with his other responsibilities for managing the current DEF Indirect Lending Unit.*
- The recently hired On-Lending Unit Loan Manager along with the consultancy determined the current DEF lending policies and procedures needed refining; specifically in the designation and /or clarification of roles and loan eligibility criteria.
- *DEF adopt those policies and procedures recently developed for the new Indirect Lending Unit for use by their existing unit and organize a committee to review all existing policies and procedures and bring them in agreement with international best practices methods and recommendations provided during previous consultancies.*
- The current DEF infrastructure to support information and data collection lacks nothing in potential and capacity but lacks integration and program designs that can and will provide meaningful decision-making information to the lending operations. Mr. Muheisen has been on the job for two weeks and



- has already identified inadequacies within the lending system and as a result improved DEF capacity to make more informed decisions regarding its lending program. This is not a problem unique to the lending unit and is one evident throughout the DEF organization.
  
- *Create an employee suggestion program that captures insightful, organizational effectiveness enhancing information and can be immediately applied to the way DEF conducts its business.*

### Summary of Results

- As the consultancy began its preliminary research it became plainly evident that the DEF structure, manpower authorization, organization of tools and equipment, most of its policies and procedures and its division of labor, were more than adequate to assume the additional responsibilities placed on it by its agreement with the MOP/EPP.
- Conversations with the DEF senior management only confirmed that the DEF was in fact organized to meet the terms of the agreement without the need for creating an additional On-Lending Unit.
- The current DEF infrastructure to support information and data collection lacks nothing in potential and capacity but lacks integration and program designs that can and will provide meaningful decision-making information to the lending operations.
- An assessment by the consultancy on the adequacy of the existing DEF Indirect Lending Unit showed that it was more than sufficiently staffed with talent and numbers to absorb the additional workload placed on it by the MOP/EPP agreement.
- Due to executive decisions and urgencies the opportunity to make a business case for setting aside the decision to go forward with the establishment of this new On-Lending Unit passed. The consultancy, as a result of executive insistence, investigated the DEF Indirect Lending Unit composition and practices, determined that it was essential that a Loan Manager be recruited and placed and that he or she be buoyed by an administrative support element.
- The consultancy developed a detailed job description for both a Loan Manager (**Annex B**) and an Unit Administration Services Manager (**Annex C**).
- The consultancy aided in the selection of the Loan Manager, helped with the orientation process to include arranging for familiarization training on the DEF MIS for the new Loan Manager, and delayed the recruitment of the Administration Manager (**Annex D**). With the selection of the new loan manager there came a noticeable decrease in the pressure brought on by the resolve of the executives to establish the unit.
- The recently hired On-Lending Unit Loan Manager along with the consultancy determined the current DEF lending policies and procedures needed refining; specifically assessing loan applications to very specific past loan performance factors as part of the loan approval process (**Annex E**). Also, in the newly drafted performance factors the additional information requires the Intermediary Organizations to disclose their current profitability status, current efficiencies and deficiencies noted in their programs, any perceived or known impediments that may impact on their responsiveness to the DEF and EPP programs, their financial viability, other sources and uses of funds, their vision, and finally the extent of outreach efforts. These recommended changes were drafted and presented to DEF management for review and adoption.
- The newly placed On-Lending Unit Loan Manager determined the need to refine and make modifications to the DEF MIS package in the areas of loans dispersing

- information, amortization tables, balance sheet information, profit and loss layout formatting, payment vouchers, journal voucher layouts, and opening main accounts. These modifications are currently under review by the DEF management for consideration and adoption. Examples of some of the additional modifications are included in this report as **Annex F**.
- The DEF Management had prepared a mission statement and goals of the new On-Lending Unit that were found more than adequate in expressing the overall purpose or mission for the On-Lending Unit. The mission statement for the Unit follows and was extracted almost in its entirety from the Action Plan of the Lending Unit At The Development and Employment Fund at DEF. The consultant found only minor errors in the document and has incorporated those changes in the mission statement below.
    - The goal (mission) of the On-Lending Unit is to allow those who are qualified in a craft or profession and who do not own the required capital to establish and develop enterprises in productive fields that create sustainable job opportunities, to obtain start-up funding for these enterprises through the support of the liquidity of an intermediary establishments (organizations).
  - The new On-Lending Loan Manager along with the consultancy, MOP/EPP representatives, and DEF Management opened two accounts for fund transfers.
  - The new On-Lending Unit Loan Manager received the first transfer of two and a half million Jordanian dinars. The monies were deposited in the newly established Housing Bank account.
  - On August 5, 2002 the first loan agreement was signed between the EPP (represented by DEF) and the Community Habitat Finance (CHF). The agreement was worth one million Jordanian dinars.
  - The consultancy read both the 1999 World Bank Report and the 2002 European Union Commission Report which give an account of the operational effectiveness of DEF. Those deficiencies documented during these two consultancies do not find major oversights, gaps, or flaws in the DEF organizational structure, or a shortage of human resources, or the lack of an ample skill pool to draw from as contributing in anyway to the short-comings of the DEF operation. On the contrary it is agreed by them and by this consultancy that the DEF infrastructure to support the transferring of monies for capital loans to intermediary organizations as well as individuals is more than sufficient and its capacity to support information and data collection lacks nothing in potential and capability.
  - What is abundantly clear in the findings of both reports is that there exists gaps in policy and strategic leadership, organizational management and coordination, administrative controls, organizational approach to delegation, periodic internal operations evaluations, work flow assessment and adjustments, performance management, standardization of policies and procedures, and quality control. The following examples are cited to show that the findings of those two reports, the gaps, still exist and that no action(s) have been seriously planned let alone attempted to alleviate their impact.

- The EU report recommended the immediate creation of an Operations Department to remove the burden of organizational strategic planning from the Projects and Training Departments. Placing this responsibility under the control of a planning management entity would certainly facilitate the decision making and planning processes, improve work relationships making them more fluid, and would allow the organization to respond much more quickly to internal and external environmental demands. This action has not been scheduled to date.
- The consultant was impressed with the caliber of professionalism and skill that was evident in the production of the Action Plan Of the On-Lending Unit initially hyped as a product of the DEF senior staff. It was discovered later that the drafting of an Action Plan of this quality was beyond the management capabilities of DEF and required a representative of the MOP to actually research and produce. As noted in the EU report there doesn't appear to be any mechanisms or capacity within the DEF to handle the most critical function of planning.
- There is obviously a..<sup>2</sup>"wealth of data that should be analyzed to generate meaningful decision-making information. There are computers in every department in DEF and there are programs developed to electronically compute the operations". This was still the situation during this consultancy and the work of the newly hired On-Lending Unit Loan Manager attests to the facts that the lack of integration, communication, and designed reports still prevent this data from being compiled in any useful format.
- DEF is still a centrist managed hierarchy. The Director General has a wide span of control and is the key decision- maker. Everyone reports to him directly and informally. The Director General is not a dynamic, intuitive decision-maker. His incapacity to co-ordinate everything is setting the DEF up for failure. The centrist model may work for small and simple structured organizations but DEF does not qualify as being either small or simply structured. The structure adopted should allow for fluidity in both coordination and control but with a centrist hierarchy the effect of the structure is lost.
- Weaknesses observed by the consultant through casual observation and not through using any advanced analytical methods revealed the DEF to still have serious problems with the gathering and use of information, the monitoring of employee productivity, the lack of employee motivation and job ownership, and the enforcement of work schedules.
- The consultancy is prepared to go on record by saying a new On-Lending Unit is absolutely not required to meet the terms of the MOP/EPP agreement with DEF.

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<sup>2</sup> Capacity Building Assignment, Experts Summary Report On the Development Employment Fund Nabila .T Morcos, Commissioned by the European Economic Community, March 2002.

With improved leadership and a strategic outlook the DEF is more than capable of reversing its slide into total inefficiency and failure.

- The agreement between MOP/EPP and DEF is fundamentally flawed in that Article 2/Obligations of the First Party, Clause (1) requires "the Ministry to provide the Fund with a grant not exceeding (5,000,000) five million Jordanian dinars, for the purpose of re-lending them **to individuals** and establishments that are concerned with financing small and medium projects..." By including individuals in the agreement the On-Lending Unit becomes more than an indirect funding operation, it becomes, by contract, a direct lending operation as well and therefore takes on all the roles and responsibilities, although less in scope and size, of DEF. The structure being contemplated was one to allow for only an indirect fund transfers to IO and not one to review, assess, and approve individual loan applications.
- The top-management still has to take greater responsibility for the appropriate and well-timed implementation of past consultancy expert guidance. Much of what had been diagnosed by earlier consultants and facilitators has yet to be addressed and implemented. DEF management must adopt and implement recommendations provided by earlier consultancies in a well-timed manner.
- Some of the earlier recommendations made by consultancies need prioritization and a Work Plan/Action Plan complete with timelines to support their implementation. A copy of this work plan should be forwarded to the MOP as agreed to by the signing of an earlier MOU.
- Fundamental restructuring, improvements in management and administration, introduction of an employee performance monitoring system, are just a few areas within DEF operations considered by this consultancy as needing immediate attention.

## Recommendations

- Cease all future external activities that have as their focus the restructuring or realignment of the DEF or the establishment of a new On-Lending Unit within DEF.
- DEF Management reviews, adopts, and prioritizes recommendations made by previous consultancies.
- DEF Management develops a new strategic plan, work plans, and action plans (as required by an MOU between EPP and DEF) that indicate correspondence between these plans and that makes use of the prioritized recommendations by previous consultancies as a means to expedite and assure future successes in the DEF Indirect Loan function and the DEF operation overall.
- Allow the current DEF On-Lending/Direct Lending Unit to assume the additional responsibilities of dispersing the capital loan monies referred to in the original agreement between MOP/EPP and DEF making the introduction of a second On-Lending Unit superfluous and unnecessary.

## Conclusion

- The task(s) therefore for any future technical assistance provided DEF should not be organizational development in terms of structural interventions, task technology interventions, or even change management intervention but rather one of organizational development as it applies to work environment improvement, people-focused interventions, work force motivation, process consultation, inter-group development, and best practice planning and work management.

## Annex A

### Scope of Work: Specific Tasks of the Consultant(s)

Activity	365.6 MOP/DEF Program
SOW Title:	Development of On-Lending Unit
Modification	1
SOW Date:	Monday, July 22, 2002
SOW	Final
Total LOE:	15
Task and Consultant	

LOE/F/Development of On-Lending Unit  
KED      Kenneth Earl Donaldson

### I. Specific Challenges Addressed by this Consultancy

The government of Jordan has embarked upon a bold economic transformation program aimed at improving the standard of living and quality of life for all Jordanians. There are many facets of the program and a key to its success will be the ability of the Jordanian government to manage its internal resources and those of its donors.

The AMIR (Access to Microfinance and Improved Implementation of Policy Reform) Program commenced operations in February, 1998. One of its key goals was the establishment of a sustainable microfinance industry in Jordan. Another goal was policy reform and the growth of institutional capacity within select Jordanian ministries and government offices. A program of ministerial support was launched for the Ministry of Post and Telecommunications, renamed the Ministry of Information and Communications Technology.

In 2002, the second phase of the AMIR Program (Achievement of Market-Friendly Initiatives and Results) was launched. The goal of AMIR is "To promote economic growth and prosperity for all Jordanians by developing a more market-friendly environment for broad-based economic opportunity and business expansion." One of the four components of the AMIR Program is the Microenterprise Initiative, which encompasses support for the Ministry of Planning (MOP).

In a March 2002 Memorandum of Understanding between the AMIR Program and the MOP, it was agreed that AMIR would provide a package of support to the MOP to assist in achieving its national goals. By Cabinet decree, the MOP has established a project called the Enhanced Productivity Program (EPP) which will be the implementing arm for a number of economic development programs funded by the Jordanian government. The AMIR Program is fully supporting the staffing, management and operations of the EPP with short and long-term technical assistance and some limited commodity support. A long term Special

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Advisor to the Minister has been assigned to coordinate the AMIR Program's support activities.

The EPP objectives include the financing of at least 400 projects ranging from JD 10,000-25,000 (averaging JD 15,000 or USD 21,000). These loans are targeted to either start-up or ongoing business operations with the long-term goal being to encourage lending in a niche which, to date, seems ignored by the conservative banking community. As a result, the MOP has identified a few microfinance institutions deemed institutionally capable to provide loans in this range. The Ministry of Planning however, is not in the best position to administer a revolving loan fund to handle the JD 5,000,000 they have earmarked for this project. As a result, the Development and Employment Fund was identified as a conduit for the on-lending process.

The Development and Employment Fund (DEF) was founded in 1991 as a government agency to provide financing for micro and small businesses. The financing is provided both directly (as home based business loans, vocational/professional business loans, group loans and project development loans) as well as indirectly via financial intermediaries. As DEF has had over ten years experience in onlending funds to the sector of microfinance, it made sense **II.**

### **Objective**

for the MOP to coordinate efforts with DEF to create a joint unit within DEF to The objective of this consultancy is to design and execute an implementation administer the new MOP financing programstrategy for the development of the MOP on-lending unit within DEF to meet the role of the unit specified in Appendix One..

### **III. Specific Tasks of the Consultant(s)**

Under this Scope of Work, the Consultant(s) shall perform, but not be limited to, the tasks specified under the following categories:

#### **A. Background Reading Related to Understanding the Work and Its**

Consultant(s) shall read, but is/are not limited to, the following materials related to fully understanding the work specified under this consultancy:

Kenneth Donaldson

- MOP/AMIR Memorandum of Understanding
- DEF in Ten Years (a retrospective of DEF's first 10 operating years)
- DEF/MOP Memorandum of Understanding
- EPP Concept Paper

#### **B. Background Interviews Related to Understanding the Work and Its**

The Consultant(s) shall interview, but is/are not limited to, the following individuals or groups of individuals in order to fully understand the work specified under this consultancy:

Consultant

Chemonics



- Kenneth Donaldson
- Jim Barnhart, Deputy Director Economic Opportunities Office
- USAID/Jordan
- Arwa Abu Hamdieh, Project Management Specialist, USAID/Jordan
- HE Dr. Awadallah, Minister of Planning
- Hala Lattouf, Secretary General, MOP
- Marsouq Al-Hadid, Director General, DEF
- Rafael Jabba, Country Director, CHF/JACP
- Steve Wade, Director, AMIR

### C. Tasks Related to Achieving the Consultancy's Objectives.

The Consultant(s) shall use his/her education, considerable experience, and additional understanding gleaned from the tasks specified in A. and B. above

- Kenneth Donaldson
  - Quick assessment of the operations of DEF and determination of possible synergies
  - Draft a mission and objectives statement for the unit
  - Analysis and recommendation for the Unit structure determining:
    - if four FTE positions are required/adequate as proposed by DEF/MOP
    - job descriptions
    - salary ranges
  - organizational structure design which includes communications, lines of authority and distribution of labor
  - policy and standard operating procedures
  - Generate Report Templates
  - Draft job description and newspaper vacancy announcements
  - Draft a detailed timeline for all activities necessary to get the unit functioning
  - Work with identified staff to train in technical areas if necessary

## Appendix One

### Job Description of the Management Unit of the Lending Program

1. Executing the day-to-day responsibilities that relate to the implementation activities of the lending program.
2. Reviewing all funding requests and verifying the qualification of all funding institutions in order to benefit from the program and in accordance with the specification that are provided by the Fund and the Ministry.
3. Preparing the annual work plan including the administrative responsibilities and the budget.
4. Preparing the lending agreements with the funding institutions benefiting from the program.
5. Putting in place and following up on the time schedule for repayment of the loan from the intermediaries participating in the program.
6. Managing all financial matters and handling all payment orders of the

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- loans from the intermediary.
7. Preparing and maintaining a record on the accounts of the lending program.
  8. Preparing regular reports on the funded projects through the program and the progress of the work therein, as well as detailed financial reports relating to the activity in the accounts and presenting them to the concerned parties at the Fund and The Ministry.
  9. Conducting marketing campaigns to introduce the lending programs and the mechanisms to benefit therefrom (to intermediaries).
  10. Identifying the scope of work with the funding institutions benefiting

#### IV. Time frame for the Consultancy.

Unless otherwise specified, the following time frame will govern the timing for the completion of this consultancy:

	Start	LOE	To Post	From Post	Field Work	3rd Country	U.S.A.
Kenneth Donaldson	22-Jul-2002	15	0 days	0 days	15 days	0 days	0 days

#### V. LOE for the Consultancy.

This consultancy will require the effort of the following consultants:

<u>Consultant Name</u>	<u>Travel</u>	<u>Field</u>	<u>U.S.</u>	<u>3rd</u>	<u>Total</u>
Kenneth Donaldson	0	15	0	0	15
<i>Subtotal</i>	0	15	0	0	15

#### VI. Consultancy Qualifications

The Consultant(s) shall have the following minimum requirements:

- **Kenneth Donaldson**

*Phase 1*

*1. Educational Qualifications*

- MBA or commensurate work experience in organizational development with an emphasis on human resources management

*2. Work Experience Qualifications*

- Strategic planning skills essential
- Overseas experience required preferably in government bodies
- Should possess strong negotiation abilities in cross cultural situations
- Ten years in organizations systems development
- Technical experience with lending programs a bonus

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## Annex B

**Intermediary Organization Lending Unit Loan Manager Job  
Description**

<b>Position Title</b>	Intermediary Organization (IO) Lending Unit Loan Manager (IO Loan Manager)
<b>Department</b>	Social Development Project (SDP)-Development and Employment Fund (DEF) IO Lending Unit, (SDP-DEF IO Lending Unit)
<b>Reports to</b>	Director, SDP-DEF IO Lending Unit
<b>Overall responsibility</b>	Executing approved lending procedures, policies, practices and critical tasks that support the Social Development Project (SDP) - Development and Employment Fund (DEF) intermediary organization (IO) lending program.
<b>Key tasks and responsibilities</b>	<ul style="list-style-type: none"> <li>• Verifying viability, creditworthiness, and eligibility of the lending institution for participation in SDP-DEF lending program(s).</li> <li>• Ensuring loan applications meet SDP-DEF specifications for completeness and accuracy.</li> <li>• Screening loan applications for proposed project(s) appropriateness and the meeting of the criteria for qualification for SDP-DEF lending program benefits.</li> <li>• Completing lending agreements with IO to include: <ul style="list-style-type: none"> <li>- Borrower repayment schemes/schedules</li> <li>- Establishing terms for borrower payment of interest and administrative fees</li> <li>- Determining borrower maximum loan amount(s)</li> <li>- Familiarizing the borrower with SDP-DEF procedures for loan repayment defaults and non-compliance with the terms of the lending agreement</li> <li>- Establishing borrower loan repayment grace periods based on the nature of the loan/project</li> </ul> </li> <li>• Maintaining borrower account records.</li> <li>• Preparing reports concerning account activities and loan statuses to include: <ul style="list-style-type: none"> <li>- Preparing accrual installment reports.</li> <li>- Preparing monthly loan payment status reports.</li> </ul> </li> </ul>

<b>Key tasks and responsibilities (Continued)</b>	<ul style="list-style-type: none"> <li>- Formulating and recommending Lending Unit policies and objectives.</li> <li>- Determining and recommending modifications to Lending Unit -borrower relations practices.</li> <li>- Preparing loan transfer orders.</li> <li>- Preparing monthly bank reconciliation report.</li> <li>- Entering loan activities into DEF MIS.</li> <li>- Calculating average of payment, ratios of payments, and comparing outcomes to accrual amounts.</li> <li>- Auditing accounts for percentage of loan repayment for each borrower and combined borrowers.</li> <li>- Auditing for accuracy of IO statements and reports.</li> <li>- Drafting non-compliance and loan default notifications to borrowers.</li> </ul>
<b>Specialized skills and attributes</b>	<p>Minimum BS in Administrative Sc (Finance, Accounting, or related field); CBA preferred but not required; Minimum four (4) years of experience in accounting management with specific experience with financial accounting, interest and present value calculations, future value computations, general appreciation methods for projects and cost systems, cost-benefit analysis; familiarity with principles of Accounting Standards Board (FASB) is desirable.</p> <ul style="list-style-type: none"> <li>- Excellent computer skills with knowledge of the following applications are required:             <ol style="list-style-type: none"> <li>1. Microsoft Office Suite (Word, Excel, Outlook, Access, and PowerPoint)</li> <li>2. Oracle Database and the NT environment.</li> </ol> </li> <li>- Ability to make independent decisions.</li> <li>- Strong relevant technical background.</li> <li>- Proficient in English and Arabic (read and write)</li> <li>- Excellent interpersonal and coordination skills.</li> <li>- Flexible and adaptable to change.</li> <li>- Good understanding of business operations.</li> <li>- Research and analytical skills.</li> </ul>

## Annex C

**Intermediary Organization Lending Unit Administration  
Manager Job Description**

<b>Position Title</b>	Intermediary Organization (IO) Lending Unit Administration Manager (IO Loan Manager)
<b>Department</b>	Social Development Project (SDP)-Development and Employment Fund (DEF) IO Lending Unit, (SDP-DEF IO Lending Unit)
<b>Reports to</b>	Director, SDP-DEF IO Lending Unit
<b>Overall responsibility</b>	Executing approved administrative procedures, policies, practices and critical tasks that support the Social Development Project (SDP) -Development and Employment Fund (DEF) intermediary organization (IO) lending program.
<b>Key tasks and responsibilities</b>	<ul style="list-style-type: none"> <li>- Providing opinions and recommendations regarding unit regulations and their applicability to unit loan processing.</li> <li>- Investigating and implementing programs to improve employee work conditions and or environment.</li> <li>- Compile and produce with the assistance of the On-Lending Unit Director annual budget requirements.</li> <li>- Preparing job descriptions.</li> <li>- Maintaining and ensuring compliance with existing internal policies, procedures, and practices.</li> <li>- Performing needs assessments for personal and property issues.</li> <li>- Draft unit work formats, forms, and templates.</li> <li>- Setup up and maintain unit filing system.</li> <li>- Overseeing unit maintenance program.</li> <li>- Overseeing and managing unit housekeeping, equipment procurement, and unit transportation requirements.</li> <li>- Performing Human Resources forecasting.</li> <li>- Managing the Employee Medical Insurance Program.</li> <li>- Maintaining employee work history files.</li> <li>- Responsible for all incoming and outgoing correspondence within the unit.</li> <li>- Liaison between all unit sub-component (communications) and all loan target groups.</li> <li>- Compiling loan statistical data in a useable format regarding loan applications and the process of making the loan(s).</li> <li>- Receiving loan applications.</li> <li>- Compiling statistical demographic data on loan applicants (gender, origin, target project, etc.)</li> <li>- Participating in the preparation of an annual work plan.</li> <li>- Participating in the establishment of objectives and indicators for the unit annual work plan.</li> <li>- Participating in loan application approval committee activities.</li> </ul>

	<ul style="list-style-type: none"> <li>- Designing and executing suitable advertisements to the targeted classes, groups, or IOs.</li> <li>- Arranging for press conferences for the promotion of the unit activities.</li> <li>- Responsible for public relations as they apply to unit activities.</li> <li>- Organizing seminars, discussion groups, and networks in order to promote unit activities.</li> <li>- Organizing, attending, and reporting on seminars, discussion groups, and networking activities.</li> <li>- Participating in witnessing agreement/contract-signing meetings.</li> <li>- Preparing periodic work related reports to unit supervisor.</li> <li>- Assisting in the strategic planning process.</li> </ul>
<b>Specialized skills and attributes</b>	<ul style="list-style-type: none"> <li>- Minimum BA in Business Administration or Business Management or related field; MA or PHD preferred; not less than 8 years experience with specific experience in strategic planning and decision making, fine-tuned skills in planning and implementation, specialized training in work system management; legal requirements governing lending practices;</li> <li>- Excellent computer skills with knowledge of the following applications are required:               <ol style="list-style-type: none"> <li>1. Microsoft Office Suite (Word, Excel, Outlook, Access, and PowerPoint).</li> <li>2. Oracle Database usage not programming.</li> </ol> </li> <li>- Ability to make independent decisions.</li> <li>- Strong relevant technical background.</li> <li>- Proficient in English and Arabic (read and write)</li> <li>- Excellent interpersonal and coordination skills.</li> <li>- Flexible and adaptable to change.</li> <li>- Good understanding of business operations.</li> <li>- Research and analytical skills.</li> <li>- Creative skills (formatting and template design).</li> <li>- Additional training in Time Management, accounting/bookkeeping procedures, file maintenance.</li> </ul>

## Annex D

### **Vacancy Announcement for Intermediary Organization Lending Unit Administration Manager**

A leading, non-governmental, non-profit, U.S. supported project is seeking qualified applicants for the following vacancy:

#### **Intermediary Organization Lending Unit Administration Manager**

Main responsibilities:

- Compiling budget requirements and producing annual budget reports.
- Performing needs assessments on personnel and equipment necessities.
- Oversight of unit promotion and public awareness campaigns.
- Organizing seminars, discussion groups, and networks to promote unit activities.
- Compiling in a usable format statistical and demographic data.
- Participating in loan application approval committee activities.
- Preparing loan agreements.
- Maintaining employee work history files.
- Overseeing unit housekeeping, equipment procurement, and transportation functions.

Qualifications:

- BA/BS in Business Administration or Management a must; MA preferred.
- Minimum of eight (8) years experience in business administration with specific experience in strategic planning, decision making, program/project planning, work systems management, time management, accounting and/or bookkeeping procedures, research, and filing system maintenance.
- Proficiency in English and Arabic required.
- Must be flexible and adaptable to change.
- Must possess a good understanding of business operations.
- Must possess strong interpersonal and coordination skills.
- Must be able to demonstrate the knowledge and ability to use the following computer applications:
  - Microsoft Office Suite (Word, Excel, Outlook, Access, and PowerPoint)
  - Oracle Database

An attractive package of benefits and a competitive salary will be offered to the selected candidate. Those persons who are interested in applying, and are willing to work under deadline pressures, are kindly requested to submit their CVs no later than \_\_\_\_\_ by mail to the following address.

Annex E				
Loan Performance Factors				
Summary of Key Data			FY 200	FY 200
Number of active loan clients				
Total outstanding loan balance (JD)				
Average loan balance per client (JD)				
Loan loss rate				
Portfolio at risk (delinquency rate)				
Administrative efficiency				
Portfolio yield				
Operational self-sufficiency				
Return on assets				
Adjusted return on assets				
Summary Human Resources			FY 200	FY 200
Number of total staff				
Number of staff hired				
Number of staff who left during period				
Turnover rate				
Number of loan officers, end of period				
Loan officers as percentage of total staff				
Number of administrative staff, end of period				
Profitability			FY 200	FY 200
Return on assets				
<i>Operating profit / Average total assets</i>				
Adjusted return on assets				
<i>Adjusted operating profit / Average total assets</i>				
Adjusted return on equity				
<i>Adjusted operating profit / Average equity</i>				
Operational self-sufficiency ( excluding cost of funds )				
<i>Operating income / (Loan loss + Personnel + Administrative expenses)</i>				
Operational self-sufficiency				
<i>Operating income / Total operating expenses</i>				
Financial self-sufficiency				
<i>Operating income / Adjusted operating expenses</i>				
Efficiency			FY200	FY 2000
1	Administrative efficiency			
2	Operational efficiency			
3	Administrative cost per active client			
4	Personnel costs as a percentage of total administrative costs			



5	Number of line staff as percentage of total staff, end of period		
6	Number of active loan clients per staff member, end of period		
7	Number of active loan clients per loan officer, end of period		
8	Outstanding portfolio per loan officer, end of period		
9	Number of clients per branch office, end of period		
<b>Comparison of Actual and Theoretical Yield</b>		<b>FY200</b>	<b>FY 200</b>
<b><i>Loan Product (1) Group Loans</i></b>			
1	Theoretical interest yield (APR )		
2	Loan prod as %of total outstanding year-end net loan portfolio		
3	Line 1 times line 2		
<b><i>Loan Product (2) Individual Loans</i></b>			
1	Theoretical interest yield (APR )		
2	Loan prod as %of total outstanding year-end net loan portfolio		
3	Line 1 times line 2		
<b><i>All Loan Products</i></b>			
4	Weighted theoretical interest yield		
5	Actual yield on portfolio		
6	Yield gap ratio		
<b>Portfolio Data and Outreach Summary</b>		<b>FY200</b>	<b>FY 200</b>
<b><i>Loan Product (1) Group Loans</i></b>			
1	Number of active loans at end of period		
2	Percentage of clients who are women		
3	Average balance per loan (JD)		
4	Average balance per loan as a percentage of per capita GDP		
5	Total principal balance outstanding, end of period		
6	Average principal balance outstanding, over the period		
7	Loan losses written off, over the period		
8	Loan loss rate		
9	Portfolio at risk		
10	Delinquency rate		
<b><i>Loan Product (2) Individual Loans</i></b>			
1	Number of active loans at end of period		
2	Percentage of clients who are women		
3	Average balance per loan (JD)		
4	Average balance per loan as a percentage of per capita GDP		
5	Total principal balance outstanding, end of period		
6	Average principal balance outstanding, over the period		
7	Loan losses written off, over the period		
8	Loan loss rate		
9	Portfolio at risk		

10	Delinquency rate		
<b>All Loan Products</b>			
1	Number of active loans at end of period		
2	Percentage of clients who are women		
3	Average balance per loan (JD)		
4	Average balance per loan as a percentage of per capita GDP		
5	Total principal balance outstanding, end of period		
6	Average principal balance outstanding, over the period		
7	Loan losses written off, over the period		
8	Loan loss rate		
9	Portfolio at risk		
10	Delinquency rate		

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